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Investigating the Higbee & Associates Copyright Trolling Operation

from the exposing-the-trolling dept

Fri, Feb 22nd 2019 12:05pm - Carolyn Homer

Yesterday, we wrote about web developer Daniel Quinn's harrowing experience receiving a \$20,000 payment demand from copyright troll Higbee & Associaties. That post ended with Quinn explaining how he found lawyer Carolyn Homer to represent him. Today, we have a companion post by Homer to talk about her experience investigating and dealing with Higbee, and calling out some of his questionable legal practices.

The moment I saw Higbee's demand letter to Daniel Quinn I knew I was dealing with a troll. Although I've recently joined the #resistance, I spent the first five years of my career defending Silicon Valley companies against mass copyright trolls. Higbee is new to me, but I know this game.

I immediately scanned his demand letter for problems. There were many - Michael Grecco's power of attorney authorization isn't even signed! — but I'll focus on three major ones.

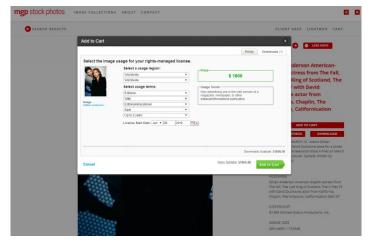
Major Defect # 1: Pricing Unmoored From Market Reality

As Daniel quoted yesterday, Higbee's November letter threatens litigation, statutory damages up to \$150,000 and attorney fees. Supposedly to avoid this terror of litigation, Higbee demands payment of \$20,000 within seven days, accompanied by a non-disclosure agreement.

Daniel Quinn did not pay the \$20K. So Higbee sent a December follow-up letter which escalates the demand: "[P]lease do not make the mistake of ignoring this. If this matter is litigated, the demand amount will likely quadruple or more, and then you will also likely have to pay attorneys fees."

Higbee's message is clear: pay \$20,000 now or risk litigation and \$80,000-maybe even \$150,000-later.

None of those numbers make sense. The market rate for a license to publish most individual photos on the internet ranges between \$0-\$1000. Similarly in my experience, typical litigation damages for adjudged infringement of individual photos on the internet range between \$200-\$2000. At this exact moment in time, a photograph from Michael Grecco's same X-Files photoset is available to license for \$1800. And that is itself insanely high—there's a multitude of other professional X-Files stills available from stock photo agencies Alamy and Getty for \$49-\$499.



Higbee's settlement demand price for a single Grecco photo is facially absurd.

Major Defect # 2: Ineligibility for Statutory Damages

Higbee's utter divorce from market reality aside, the firm might have an arguable basis for demanding \$20,000 if Grecco was eligible to recover statutory damages. Due to the insanity of copyright law, \$150,000 is the maximum statutory recovery for willful infringement. See 17 U.S.C. § 504(c)(2). Numerous commentators and courts have rejected that top-line figure as insanely out of proportion to the actual damages caused from publication of a single photograph on the internet. Most thoughtful people consider

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lawsuit brought by the attorney general of the District of Columbia—so vigorously, in fact, that it's basically claiming not to be a social network at all." BentFranklin: https://www.latimes.com/business

/hiltzik/la-fi-uc-elsevier-20190711-story.html

Vidiot: This... very much this. I'm amused when an online purchase shows up a day later or on a Sunday; but I really only need that a couple of times a year. https://www.cnn.com/2019/07/15/business /fast-shipping-environmental-impact/index.html

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Monday

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the \$200-\$750 minimum statutory damages numbers to be more fair. Nevertheless, the max-\$150,000 provision exists.

But it was immediately apparent to me that Higbee and Grecco have no claim to either statutory damages or attorneys' fees. Daniel Quinn posted his X-Files review on May 24, 2016. Higbee's demand letter includes a Michael Grecco copyright application (not an issued registration) dated January 22, 2017. Absent an issued registration, Grecco is not eligible to even file a lawsuit. See 17 U.S.C. § 411(a).

Moreover, the Grecco application discloses the X-Files image's first publication date as October 25, 1993. The X-Files image was published 23 years prior to Quinn's use on his personal blog—which itself occurred 8 months prior to Grecco even bothering to apply to register it. The Copyright Act does not permit recovery of statutory damages or attorneys' fees for "any infringement of copyright commenced after first publication of the work and before the effective date of its registration." 17 U.S.C. § 412.

Higbee / Grecco is threatening a lawsuit seeking \$80,000 dollars in statutory damages plus attorneys fees for dquinn.net's use of an unregistered thumbnail image Quinn found on Flickr. It took me two minutes to line up the dates and realize statutory damages did not apply. Higbee couldn't bother to expend the same two minutes of effort before his firm spent two months chasing Quinn with threatening emails, letters, and phone calls demanding tens of thousands of dollars?

I wrote a letter to Higbee & Associates on January 18, 2019, detailing this and other problems with their demand. I called them out for demanding statutory damages and attorneys fees for which Michael Grecco is plainly ineligible. A couple days later I received a response from one of their copyright associates, Theodore Sell. His email read like he had rush-typed it with his thumbs on his iPhone while stuck in L.A. rush-hour traffic.

Regarding statutory damages, Sell wrote:

Contrary to your claims, our client may still claim both Statutory Damages and Attorneys Fees. The infringement continued past the registration of the copyright of the image, for at least eight months following the registration. Thus, as the courts employ the Discovery Rule in matters of Copyright Law, there was an infringement of the copyright following the registration for at least eight months and both Statutory Damages and Attorney's Fees are applicable.

I responded:

I note you cited no authority for your off-the-cuff argument about the discovery rule and statutory damages. That is probably because it has been rejected by every circuit to consider it. See generally Derek Andrew, Inc. v. Poof Apparel Corp., 528 F.3d 696, 701 (9th Cir. 2008) (collecting cases). Mr. Grecco is categorically not eligible for either statutory damages or attorneys' fees, and federal courts regularly dismiss claims legally identical to yours on that basis. See, e.g., McGucken v. Chive Media Grp., LLC, No. 18-CV-01612, 2018 WL 5880751, at *5 (C.D. Cal. Nov. 8, 2018).

Theodore Sell wrote back with a paragraph that doesn't make any grammatical or logical sense.

As for my citation to Andrews, since the Supreme Court acknowledged that most circuits have applied the Discovery Rule, I find it hard to believe that it was "rejected by every circuit to consider it." Nevertheless, I admit that I may have misapplied it in this matter; I apologize and will speak of Statutory Damages or Attorneys Fees no further. Our client's offer to settle remains \$20,000[.]

The gall of those sentences irked me. Higbee & Associates just flat-out admitted they are entitled to neither statutory damages nor attorneys fees—and then demanded \$20,000 anyway. Once again, for dquinn.net's non-commercial, innocent use on a personal review blog of a thumbnail image which is the sibling of an image available to license right now for \$1800.

Major Defect # 3: Does Michael Grecco Even Own The X-Files Image Rights?

The X-Files launched in 1993. Michael Grecco's photos are from a 1993 promotional photo shoot. The X-Files series and trademarks are Twentieth Century Fox Film Corporation properties. By default, any "work made for hire" should be Fox property. 17 U.S.C. § 201(b). I would be shocked if Fox commissioned Michael Grecco to take promotional X-Files photos in 1993, but their lawyers failed to ensure that Fox owned the copyrights or exclusive rights.

My suspicions have deepened through research. In poking around the Copyright Office's public catalog, I discovered multiple Grecco / X-Files copyright registrations of photographs from the same publication day.

06:31 Verizon's New 'Unlimited' Data Plans Still Have Very Real, Problematic Limits (0)

Sunday

12:00 Funniest/Most Insightful Comments Of The Week At Techdirt (9)

<u>Saturday</u>

12:00 This Week In Techdirt History: July 28th - August 3rd (0)

Friday

- 19:39 Philippines Lawmaker Introduces 'Fake News' Bill That Would Allow The National Police To Literally Police Speech (63)
- 15:09 Authors Take Copyright So Seriously They Hides Jokes In Their Copyright Notices (13)
- 12:30 SLAPP Suit In Virginia Tries To Silence Historian Highlighting Ancestry Of Guy Suing To Keep Confederate Statues In Charlottesville (18)
- 10:44 Cable Programming Blackouts Continue To Rise As Cord-Cutting Continues (12)
- 10:39 Daily Deal: Apple iMac 21.5" Core i5 2.5GHz 500GB (Certified Refurbished) (1)
- 09:34 Enough With The Myth That Big Tech Is 'Censoring' Conservatives AND That The Law Requires Them To Be Neutral (183)
- 06:30 AT&T Scores \$1 Billion Contract To Rebuild DOJ Systems (20)

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Title	Publication Date	Registration Date	Registration #
Grecco Photography, X-Files/Fox	October 25, 1993	August 8, 2003	VA0001218595
Grecco Photography, X-Files/Fox 2	October 25, 1993	October 17, 2003	VA0001255245
Grecco Photography, X-Files/Fox 3	October 25, 1993	December 7, 2004	VA0001295833
Grecco Photography, X-Files/Fox 4	October 25, 1993	December 6, 2006	VA0001418417
X-Files / AP	October 25, 1993	May 31, 2012	VA0001825822
Grecco Photography, X-Files 5	October 25, 1993	January 22, 2017	VA0002030741
Grecco Photography, X-Files 6	October 25, 1993	July 27, 2017	VA0002063319

This looks and feels odd. Grecco has registered seven separate sets of photographs from the same 1993 X-Files promotional photoshoot. Yet Grecco filed no registrations until 10 years later. The first four registrations expressly name "Fox." The last two, both in 2017, omit the "Fox" name, but their Copyright Office records note "Transfer: by assignment."

Meanwhile, Fox itself registered oodles of X-Files publicity photos during the 1990s. For one 1998 piece of merchandise, an X-Files postcard book (Registration # VA0000937875), Fox identified itself as the "employer for hire" of Michael Grecco alongside other X-Files photographers. To this day, other online publications credit Fox for the same set of 1993 Grecco photos.

Adding to my suspicions, in 2008 a federal court in New York indicated that Fox may own the rights. In that case, Michael Grecco sued the Everett Collection, an archive of historical publicity stills for Hollywood productions. Some of the images at issue were publicity stills from the "X-Files/Fox 4" collection listed above. The Court expressed skepticism that Grecco owned the rights at all: it noted that Grecco's standard arrangement appeared to give all rights to Fox, except for a limited sublicense back to Grecco for his own personal portfolio and marketing. In short: "If Grecco had to ask Fox for consent [before Grecco used Grecco's own photos], it implies that he granted Fox an exclusive license." Michael Grecco Photography, Inc. v. Everett Collection, Inc., 589 F. Supp. 2d 375, 384 (S.D.N.Y. 2008).

Even more suspicious? A reverse-Google-image-search revealed that Google has delisted links to the 1993 Michael Grecco X-Files photoset. Google did so in response to a DMCA takedown notice sent by Fox Group Legal on May 30, 2016. That's one week after Quinn published his review. If Fox owned the exclusive rights as of that week, they should be the ones contesting Quinn's potential infringement. See 17 U.S.C. § 501(b).

I have so many questions. What does Fox's contractual paperwork with Michael Grecco say? Did Fox own the rights to Higbee's challenged X-Files image in May 2016? If so, then Fox should have been the one complaining both about the X-Files image's presence on both Flickr, where Daniel Quinn found the image designated as "creative commons," and on dquinn.net.

Maybe Fox doesn't care? 1993 promotional stills are likely near-worthless. I can imagine a corporation making the business decision to let the images percolate as free internet marketing and meme material more than 20 years after the X-Files series premier.

What led Grecco to submit two belated registrations in 2017? Is it possible Grecco submitted registrations for near-identical photos to ones Fox still owns, in order to confuse the public, send threats, and generate revenue? Or at some point, did Grecco buy the copyrights back from Fox? Is it possible the images were in the creative commons, and Grecco / Higbee clawed them back just to flood the internet with exorbitant demands?

I've ordered the complete "Grecco / X-Files 5" electronic file from the U.S. Copyright Office to try and unpack this mystery. I've also reached out to copyright counsel for Fox, but so far I haven't heard back.

As for Higbee & Associates? I've now asked them, four separate times, for the following information:

- A copy of the final, issued copyright registration for the X-Files Image, and not just the application.
- A copy of the deposit materials for that registration, in order to confirm the X-Files Image is encompassed within it.
- A chain-of-title history of any transfer or licensing agreements surrounding the X-Files Image, particularly with respect to who held any exclusive rights throughout 2016.
- A copy of any DMCA notice(s) sent on behalf of Mr. Grecco to Flickr regarding the X-Files Image, between 2016-2018.

They've refused to answer my questions, responding only that "[we] will not be conducting the pre-

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litigation discovery you want."

There's only so much our ongoing investigation can accomplish short of litigation, discovery, and the power to issue third-party subpoenas to Fox and Yahoo/Flickr. But at the moment, based only on the information I have, I'm severely concerned that Higbee & Associates is failing to exercise due diligence and conduct reasonable investigations before issuing its boilerplate demand letters.

Theodore Sell's belated admission that they cannot seek statutory damages and attorneys fees supports their lack of diligence; so does Mathew Higbee's contention last Thursday that "We never intentionally pursue private non-commercial infringements." Daniel Quinn runs a private, non-commercial, hobbyist scifi review blog; Higbee & Associates has been chasing him with threats of litigation and demands for \$20,000 - \$80,000 in damages and attorneys fees for months.

I thus echo Paul Levy's warning: Higbee & Associates appears to be threatening claims unwarranted by either the facts or the law. This is copyright trolling.

Filed Under: copyright, copyright troll, mathew higbee, michael grecco, registration, shakedown, works made for hire

Companies: fox, higbee and associates

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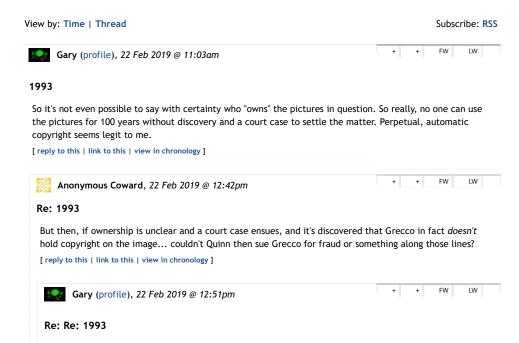
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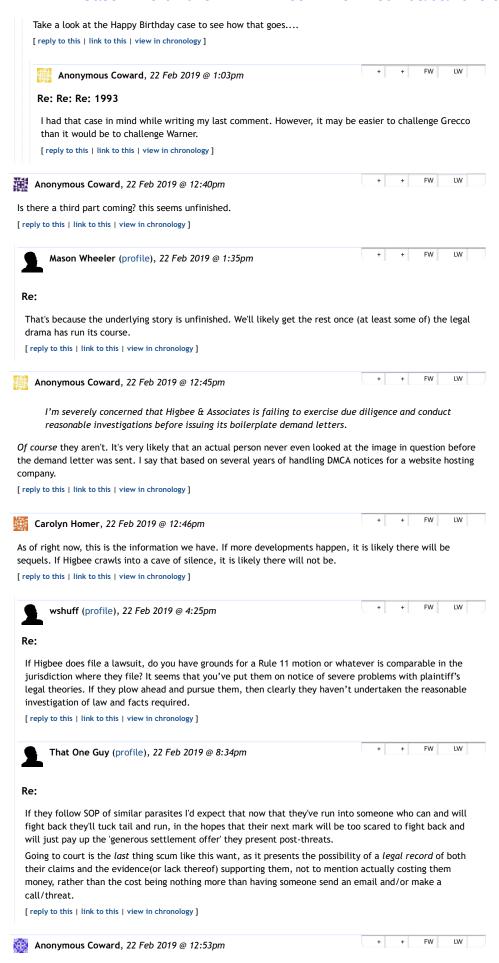
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Reader Comments



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Don't you have to register a work within three months of its first publication to retain the right to seek

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statutory damages?

Why not sue them for declaratory relief and attorney fees?

[reply to this | link to this | view in chronology]



Mason Wheeler (profile), 22 Feb 2019 @ 1:39pm

FW

Re:

Not exactly. What it says is that you have three months of "grace period" after publication to register as an exception to the rule cited above that:

The Copyright Act does not permit recovery of statutory damages or attorneys' fees for "any infringement of copyright commenced after first publication of the work and before the effective date of its registration."

In other words, if I publish something today, and tomorrow Bob infringes on it before I've had time to register, I still have three months to register and be able to bust him for it. But if he waits three months and then infringes, and I still haven't registered by that point, then I can't seek damages. But if I register after three months and then Bob infringes on my work, I still have a valid case.

[reply to this | link to this | view in chronology]



ECA (profile), 22 Feb 2019 @ 1:49pm

would be interesting..

to ask to meet, or take the address listed and GO VISIT, and take a few pictures.. Then see if you can match it up with the REAL corp...

[reply to this | link to this | view in chronology]



That Anonymous Coward (profile), 22 Feb 2019 @ 2:18pm



If my avatar could move, you would be seeing my shocked face. Lawyers seeking a payday by fudging the facts?!?! Say it isn't so!

Better lawyers than this idiot have tried this scam & failed, but this idiot is sure he can succeed where others have failed. insert my standard rant about the system failing to police itself The downside to even attempting this scam isn't even a consideration, the outcomes far to often are less than a slap on the wrist & telling them to do it in a different jurisdiction.

Drive them into the ground, put a stake through the heart, & salt the earth. None of the powers that be that should be aware of & stopping this continuing criminal enterprise have done anything to frighten those who would abuse the system in this way so large swaths of scorched earth might be the hint that something is wrong here.

[reply to this | link to this | view in chronology]



Toom1275 (profile), 23 Feb 2019 @ 3:01pm



If you liked this story, there's Popehat's Anatomy of A Scam Investigation that covers an evisceration of a cousin fraud to Higbee's. (And unlike this story, which has yet to be resolved, it has !spoilers! a happy ending)

[reply to this | link to this | view in chronology]

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Tanner Andrews (profile), 27 Feb 2019 @ 6:48am	+ + FW LW
Declaratory Judgment	
outcomes far to[o] often are less than a slap on the wrist	
Often a good idea: you impose costs on the troll and get a public record get to pick the venue.	d that his claims are no good. Also, you
The problems, however, are standard. You have to find and hire a lawyer is expensive, with court costs and discovery costs designed to astound t time, and the appeals may drag it out longer.	
Also, some judges are not as enthusiastic about fees for someone defea fees for claimants.	ating a bogus claim as they are about
So, yes, it would be nice to see the troll stomped. But no one wants to free blog are unlikely to feed the lawyers. [reply to this link to this view in chronology]	pay for it, and the revenues from a
Glenn Reiser, 9 Jun 2019 @ 7:44pm	+ + FW LW
Highee Trolls	
These trolls tried extorting me for \$150,000 for using a "license free" phattribution. They sent me a draft complaint signed by Higbee and captimy state, however no one in Higbee's firm was licensed to practice law Higbee a draft ethics complaint that I was prepared to file against him the unauthorized practice of law. He immediately backed off, and I nev [reply to this link to this view in chronology]	oned uder the federal district court in in my state. I responded by sending with the California Bar for engaging in
A Williams, 23 Jul 2019 @ 11:05am	+ + FW LW
Re: Higbee Trolls	
Hi there, Did you use a template for the draft complaint? I am going the know what steps to take. Thank you in advance.	hrough this right now and honestly don
[reply to this link to this view in chronology]	
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